III. AMENDMENTS/CORRECTIONS TO THE DRAWINGS

Applicant has submitted replacement sheets in accordance with the Examiner's indications and in compliance with 37 C.F.R. § 1.84, as discussed below, and attached hereto. The attached sheet of drawings includes changes to FIG. 2. This sheet, which includes FIG. 2 only, replaces the original sheet including FIG. 2. In FIG. 2, reference numerals 1-5 have been changed to 11-15 to conform to the specification. The sheet is labeled REPLACEMENT SHEET in the upper margin.

Attachment: Replacement Sheet
Annotated Sheet Showing Changes

IV. REMARKS/ARGUMENTS

A. Regarding the Claim Amendments Generally

In the amendments, the term "clearinghouse" has either been eliminated or replaced with "issuing financial institution." The terms in the originally filed application are clearly used synonymously with one another, as is made evident in the specification at page 2 in the final paragraph, which carries over to page 3. This paragraph reads:

> When a clearinghouse is used to administer a program, the clearinghouse acquires the data necessary for billing a merchant for the costs of the rewards and crediting the customer with rewards, by issuing a loyalty card to the customer. When making a purchase, the customer swipes the loyalty card at a point-of-sale (POS) terminal at a participating merchant. The customer transaction data and additional data identifying the merchant are then transmitted to the clearinghouse. In order for the clearinghouse to receive the data from the POS terminal, the terminal must be programmed at the point-of-sale to recognize a card issued by the clearinghouse and, upon recognizing such a card, to dial into the clearinghouse's computer system. This method is referred to by those skilled in the art as "split-dial" since the POS terminal is programmed to dial into the merchant's acquiring bank to process credit card transactions and is also programmed to dial into the clearinghouse's computer system to transmit the transaction data.

Further, at pages 8 through 10, there is found the following passage:

> Thus it is known in the art that customer transaction data can be transmitted to a clearinghouse using a direct connection to the clearinghouse. It is also known that customer transaction data can be transmitted over the existing credit card network infrastructure to a financial institution that issued a credit or debit card when that particular credit card or debit card is used to a consummate a transactions. It is also known that issuing financial institutions use the customer transaction data to provide loyalty rewards and other incentives to customers. This is common in the industry where an issuing financial institution provides a payment card to a customer, which permits the customer to receive points or miles on an airline's frequent flyer program. The issuing financial institution captures the customer transaction data when the payment card is used to consummate the customer transaction and awards the points or miles based on the customer transaction data. A fundamental limitation of this method of acquiring customer transaction data is that the customer transaction information is captured only when the customer uses the credit card or debit card issued by the issuing financial institution to consummate the customer transaction. If the customer does not use the credit card or debit card issued by the financial institution to consummate the transaction, or if the issuing financial institution declines the transaction, the customer does not receive a reward, even if the sale is consummated using another

> form of payment.
>
> The present invention overcomes the limitations of the prior art and provides a method for capturing customer transaction information over the existing payment card network infrastructure which permits the capture of customer transaction data regardless of the form of payment used to consummate the transaction and without the necessity of programming POS terminals for slit-dial operation.
>
> The method of this invention utilizes the existing payment card authorization infrastructure as described above, to capture customer transaction information at a clearinghouse for administering a loyalty program. Referring again to FIG 1. In the present invention, a clearinghouse issues the customer a loyalty card which has a unique card number containing a Bank Identification Number (BIN) associated with the clearinghouse. When a customer makes a purchase at a participating merchant data from the loyalty card is entered into a POS terminal(l). In a preferred embodiment of this invention, the data from the card is entered into the terminal via a magnetic strip on the back of the loyalty card, which is read by the POS terminal (1) when the card is swiped through the terminal. A data packet is transmitted (2) by the POS terminal (1) to the merchant's acquiring bank (3). The merchant's acquiring bank (3) then identifies the clearinghouse processor associated with the clearinghouse (12) that issued the loyalty card through the Bank Identification Number (BIN) contained in the loyalty card number. An authorization request is routed (11) through the existing payment card network infrastructure (4) to the clearinghouse (12) The clearinghouse processor (12) records the customer transaction data, for use in administering the loyalty program and issues a declining code, sending (13) the declining code to the merchant's acquiring bank (3) through the existing payment card network infrastructure (4). The merchant's acquiring bank (3), in turn, transmits (8) the declining code to the merchant's POS terminal (1). Since a declining code is received by the merchants POS terminal, the transaction is not consummated and the loyalty cardholder presents another form of payment, e.g. cash, traveler's checks, or other credit or debit cards which access different funds in order to consummate the transaction.

Accordingly, in thus amending the claims, it is shown that the originally filed specification supports the claim amendments, and therefore no new matter is added.

B. Response to Rejections Based on Nonstatutory Double Patenting

The Examiner has indicated that claims 1-20 are provisionally rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over claims 1-20 of co-pending Application No. 11/378,119.

Applicant respectfully disagrees with the need to file a terminal disclaimer in this case.

The provisional obviousness-type double patenting rejection is based on the judicially created policy of preventing the improper and unjustified extension of the "right to exclude" and to prevent the possible harassment by multiple assignees. When the examined claims would be obvious over or anticipated by the claims in an existing application, such a rejection may be imposed.

In the instant case, however, the present application is the parent application of the cited reference application and has a filing date several years earlier than the co-pending application. Therefore, it cannot be either anticipated by or obvious in view of that application. It is therefore respectfully submitted that this rejection is improper on its face.

C. Response to Rejections Based on 35 U.S.C. § 112

The Examiner has indicated that claims 1-9 and 10 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention, in that the phrase "the existing payment card infrastructure" lacks clear antecedent basis.

This rejection has been addressed by deleting the offending phrase and/or canceling claims including the phrase.

D. Response to Rejections Based on 35 U.S.C. § 103(a)

The Examiner has indicated that claims 1-4, 6-11, 13-20 are rejected under 35 U.S.C. 103(a) as unpatentable over Dorf et al. (US 6,000,608) in view of Graves (US 6,575,361); and that claims 5 and 12 are rejected under 35 U.S.C. 103(a) as unpatentable over Dorf in view of Graves as applied to claims 4 and 9 above, and further in view of Burke (US 5,621,640).

MPEP 2141, concerning the Examination Guidelines for Determining Obviousness Under 35 U.S.C. 103, provides in pertinent part:

> The key to supporting any rejection under 35 U.S.C. 103 is the clear articulation of the reason(s) why the claimed invention would have been obvious. The Supreme Court in KSR noted that the analysis supporting a rejection under 35 U.S.C. 103 should be made explicit. The Court quoting In re Kahn, 441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006), stated that "'[R]ejections on obviousness cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.'" KSR, 550 U.S. at ___, 82 USPQ2d at 1396. Exemplary rationales that may support a conclusion of obviousness include:
>
> (A) Combining prior art elements according to known methods to yield predictable results;
>
> (B) Simple substitution of one known element for another to obtain predictable results;
>
> (C) Use of known technique to improve similar devices (methods, or products) in the same way;
>
> (D) Applying a known technique to a known device (method, or product) ready for improvement to yield predictable results;
>
> (E) "Obvious to try" - choosing from a finite number of identified, predictable solutions, with a reasonable expectation of success;
>
> (F) Known work in one field of endeavor may prompt variations of it for use in either the same field or a different one based on design incentives or other market forces if the variations are predictable to one of ordinary skill in the art;
>
> (G) Some teaching, suggestion, or motivation in the prior art that would have led one of ordinary skill to modify the prior art reference or to combine prior art reference teachings to arrive at the claimed invention.

Further:

> A statement that modifications of the prior art to meet the claimed invention would have been "'well within the ordinary skill of the art at the time the claimed invention was made'" because the references relied upon teach that all aspects of the claimed invention were individually known in the art is not sufficient to establish a prima facie case of obviousness without some objective reason to combine the teachings of the references. Ex parte Levengood, 28 USPQ2d 1300 (Bd. Pat. App. & Inter. 1993). **">[R]ejections on obviousness cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.'" KSR, 550 U.S. at ___, 82 USPQ2d at 1396 quoting In re Kahn, 441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006).<

It is also well-established that in order to impose a prima facie rejection of a claim based

on Section 103(a), "All words in a claim must be considered in judging the patentability of that claim against the prior art." *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970).

In the instant case, claim 1 has been amended to recite that the loyalty card issued bears "a unique number identifying an issuing financial institution having an issuing processor." Further, it has been amended to recite that customer transaction data is recorded "at the issuing processor" [step (c)] and that declining codes are routinely transmitted to the merchant [step (d)].

It is respectfully submitted that there cannot be a clearly articulated reason under any of the foregoing exemplary rationales for rejecting claim 1, as amended, inasmuch as none of the cited references – Dorf and Graves, either alone or in any combination – teach, show, describe, or suggest how the capturing of customer transaction data by the transmission from a POS of standard transaction data packets to an *issuing processor*, which issuing processor then records the transaction data and *routinely* declines the transactions. Neither teach use of an issuing processor, and neither teach routine declines of any kind. As set out in pertinent part in MPEP 2141.02:

> In determining the differences between the prior art and the claims, the question under 35 U.S.C. 103 is not whether the differences themselves would have been obvious, but whether the claimed invention as a whole would have been obvious. Stratoflex, Inc. v. Aeroquip Corp., 713 F.2d 1530, 218 USPQ 871 (Fed. Cir. 1983); Schenck v. Nortron Corp., 713 F.2d 782, 218 USPQ 698 (Fed. Cir. 1983) (Claims were directed to a vibratory testing machine (a hard-bearing wheel balancer) comprising a holding structure, a base structure, and a supporting means which form "a single integral and gaplessly continuous piece." Nortron argued the invention is just making integral what had been made in four bolted pieces, improperly limiting the focus to a structural difference from the prior art and failing to consider the invention as a whole. The prior art perceived a need for mechanisms to dampen resonance, whereas the inventor eliminated the need for dampening via the one-piece gapless support structure. "Because that insight was contrary to the understandings and expectations of the art, the structure effectuating it would not have been obvious to those skilled in the art." 713 F.2d at 785, 218 USPQ at 700 (citations omitted).).

Use of an issuing processor to effect routine declines is both novel and non-obvious. The

state of the art, and the art shown in Dorf and Graves, is not one of capturing customer transaction data by routine declines; rather, the state of the art is that a POS register stores a transaction amount, a loyalty card is swiped, a transaction request for payment by credit card is processed, and if the transaction is declined, the credit to the loyalty card must be backed out manually by the merchant. Thus, a PHOSITA would not have known to use an issuing processor to transmit routine declines and to record and store transaction data for transactions concluded by using payment means other than credit cards, nor would one have known to use declines at all.

For these reasons, it is respectfully submitted that claim 1, as amended, is allowable.

Finally, if an independent claim is nonobvious under 35 U.S.C. 103, then any claim depending therefrom is nonobvious. *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988). Because it is now believed that claim 1 is nonobvious, it is respectfully submitted that claims 2, 4-5, 7-8, and 20, depending therefrom, are also nonobvious and are in condition for allowance as well.

E. Regarding the Drawings

The Examiner has further indicated that FIG. 2 of the original drawings is objected to, and that a correction to the numbering of the reference numerals are required. Applicant has provided a new drawing sheet in accordance with the Examiner's indications.

IV. CONCLUSION

In view of these amendments and comments it is believed that each of the presently pending claims in this application is in condition for immediate allowance, and such allowance is therefore respectfully requested. The Examiner is invited to call Applicant's undersigned attorney if, in the opinion of the Examiner, a telephone conference will in any way expedite prosecution of this application.

Respectfully Submitted,

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